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Approved For Release 2004/07/08 : CIA-RDP80M00596A000200020007-6

Washington, D.C. 20505

Resource Management Staff

DCI/ICS 78
16 October 1978

MEMORANDUM FOR:
Special Assistant to the DCI for Counterintelligence

FROM:
Acting Director, Policy Guidance Office

SUBJECT: Input to the DCI Annual Report

1. ☐ Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

2. ☐ Additionally, in a 15 September 1978 letter to the DCI discussing content of the DCI's Annual Report generally (Attachment 3), Chairman Boland of the HPSCI included a list of six special subjects to be covered in this year's Annual Report. In an interim response the DCI has agreed to provide this information. HPSCI request number 2. is: "A comprehensive statement with specific instances of foreign intelligence activities against the intelligence community organizations and corrective action taken by the FBI, the CIA, NSA and the Military Services." We would appreciate it if you would take the lead in staffing out a request for data pertinent to answering this request with CIA, the FBI, NSA and the Military Services, and in fashioning their inputs into a comprehensive statement with specific appropriate instances. Depending on length and other considerations, we can then either incorporate it into the body of the DCI's Annual Report or note highlights and append your full report to the HPSCI's copy of the Annual Report.

3. ☐ You will note that the subject matter of this HPSCI request and sections 1, Espionage, and 4, New directions in the foreign counter-intelligence program, overlaps. We would appreciate your organizing CIA and

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community (as appropriate) comment and input for these two Annual Report sections. Specifically:

a. What have been the principal characteristics of known foreign espionage against the US Government and its intelligence organizations and programs in 1978, especially noting level and sensitivity of access? What in particular appear to be the ramifications and implications of the Kampiles case?

b. What should be the DCI's position with the President and the Congress on possible "moles" in US intelligence or elsewhere in sensitive parts of the US national security and foreign affairs apparatus?

c. Please comment on your role as SA/DCI/CI, your objectives, priorities and highlights of your work to date.

d. Please comment on important characteristics or new directions in the foreign counterintelligence program generally, including the SCC(CI). Specific overview comments on the nature and progress and constraints of the FBI's foreign counterintelligence program would be especially helpful, as the HPSCI has indicated interest in attention to their program in this year's Annual Report. (Attachment 3; we are also querying the FBI directly about their program for Annual Report use.)

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4. ☐ We are asking the DCI Security Committee and the Community Security Group to take the lead in input for sections 2, leaks, and 3, security programs, of the Security and Counterintelligence Issues section of the Annual Report outline, as well as the response to the HPSCI task 6 on unauthorized disclosure of classified data. Obviously this division is somewhat arbitrary, and you may well have comment for these tasks as well.

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5. ☐ is responsible for producing this year's DCI Annual Report. Please identify a principal point of contact for her to work with. We shall need your overview comments for sections 1 and 4 by COB 6 November, in order to accomplish integrated drafting of the entire Annual Report in November, review in December and DCI clearance and production in January. We will need highlights on HPSCI task 2 also by 6 November, with the comprehensive report they desire in January in time to append to the HPSCI copy of the Annual Report.

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Attachments:

1. DCI Revised Outline - AR for 1978
2. DCI letter to NFIB principals requesting help on Annual Report
3. Boland letter to DCI (15 Sep w/att & DCI interim reply)

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DCI/RMS/PGO (16 October 1978)

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The Director of Central Intelligence

Washington, D.C. 20505

Resource Management Staff

DCI/ICS 78-1194
16 October 1978

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MEMORANDUM FOR:
Chief, IAD/Covert Action, CIA/DDO

FROM:
Acting Director, Policy Guidance Office

SUBJECT: Input to the DCI Annual Report

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1. ☐ Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

2. ☐ Comment in last year's Annual Report on covert action focused on oversight and management structure. Unless there are significant new developments on these fronts to note, this year we hope to focus briefly on the covert action mission and program. Specifically:

a. What is the experience now of several years of a covert action program of greatly reduced scope and level of effort? Is it proving realistic to try to retain a significant latent covert action capability against potential national policy needs within the recent and current relatively low level of effort?

b. Describe and comment on PRC organized work to define and shape specific projected covert action programs (e.g., on Soviet nationalities.)

c. Note examples of program highlights for 1978.

We would appreciate input from you on these aspects of covert action in 1978 (or your organizing input from appropriate DDO divisions on programs under their control). Comment on other aspects of covert action that strike you as relevant to the DCI's Annual Report this year are, of course, also welcome.


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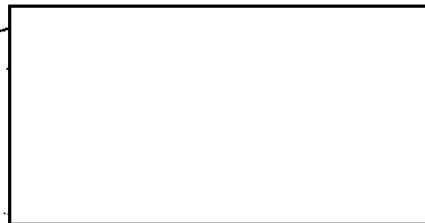
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Input to the DCI's Annual Report

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DCI Annual Report Input

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TO: (Officer designation, room number, and building)

DATE

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COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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AD/PGO -

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Diana,
1. Here is the Covert Action Staff's contribution to the DCI annual report as requested in Captain Bausch's memo of 16 October 78. You will note I have thrown in a passage on paramilitary, as this function responds more to this requirement for a discussion of "latent covert action capabilities" than other forms of covert action. Please let me know if you have any questions on extension